

Naval Petroleum and Oil Shale Reserves



GOAL

The Naval Petroleum Reserves Production Act of 1976, which reopened the Federally-owned fields for full commercial production, mandating that they be produced at their "maximum efficient rates."

The 1996 National Defense Authorization Act directed DOE to place the Elk Hills Naval Petroleum Reserve on the market and, if adequate value can be attained, to sell the Government's portion of the field within 2 years. Other NPOSR properties are to be studied for possible divestiture.

Maintenance Scenario Pending Sale

- Maintain proper stewardship of fields while divestiture initiatives are underway. No investments beyond assuring adequate operational integrity of the Reserves.

- Operation of a commercial oil and gas field is not an inherent Government function.
- Moreover, Government profitability of the Reserves is constrained by competition for the funding needed for field improvements.
- DOE is proceeding with divestiture initiative with safeguards built into process to protect taxpayers' interest. Authorization permits process to extend into FY 1998 (until February 10, 1998).
- FY 1997 funding is needed to maintain minimal level program to ensure good stewardship of assets.

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Budget



Program Components	Budget		
	FY95	FY96 Conf.	FY97 Request
Reserves Nos. 1 & 2	\$164.2	\$126.6	\$132.0
Reserve No. 3	12.9	15.6	8.4
Naval Oil Shale Reserves	2.3	0	1.4
Program Direction	7.6	6.6	7.7
Total	\$187.0	\$148.8	\$149.5